

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
ECONOMIC VITALITY DEPARTMENT
4021 N. 75TH STREET, SUITE 102
SCOTTSDALE, ARIZONA 85251
NOVEMBER 22, 2011
SPECIAL MEETING
APPROVED MINUTES**

PRESENT: Kate Birchler, Chairwoman (telephonic)
Mike Surguine, Vice Chairman (telephonic)
Ace Bailey, Commissioner
Michael Hoffman, Commissioner (telephonic)
David Richard, Commissioner

ABSENT: Kathleen Glenn, Commissioner
Leon Young, Commissioner

STAFF: Steve Geiogamah, Tourism Development Coordinator
Rose Wright, Economic Vitality
Lee Guillory, Finance Manager
Rob Millar (telephonic), Strategic Programs Manager
Mike Phillips

GUESTS: Rachel Sacco, SCVB (telephonic)
Brent DeRaad, SCVB
Dan Postal, Scottsdale Charros
Margrette Leichtfuss, Scottsdale Charros

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairwoman Birchler called the special meeting of the Scottsdale Tourism Development Commission to order at 8:03 a.m.

2. FY2011/12 Tourism Development Program Proforma

Lee Guillory presented an attachment to the proforma that described the process by which the City Council's July 6 resolution was written and signed. The City Attorney's Office has reviewed that meeting and determined that the resolution was modified incorrectly. They intend to redraft it and have the Mayor re-sign it. It will not go back to City Council, since it was clear that their intent was to allocate \$2.3 million of bed tax towards the Tony Nelssen Equestrian Center, with all of it to be repaid if and when the bonds are issued. The FY2010/11 carryover balance was not enough to fund the full \$2.3 million, so the remaining amount, totaling about \$375,419, will come out of the FY2011/12 one-time commitment.

Vice Chairman Surguine inquired about the grand total for the equestrian center. Ms. Guillory explained that \$650,000 was allocated to the project in March of 2011, while

the second request was for \$2.3 million. The total request to date is \$2.95 million, which will be enough to cover all the studies.

Commissioner Hoffman suggested that the TDC consider breaking down the allocations for specific interest groups in relation to their value as tourism related projects. He questioned whether this particular project was in the best interest of tourism. Chairwoman Birchler agreed that such a move would be necessary. She also felt that the Commission should take a closer look at the use of carryover in general. She inquired whether the carryover was the total number of unspent dollars from all categories. Ms. Guillory confirmed this was the case.

Chairwoman Birchler felt that the TDC should be proactive in making a recommendation that speaks to each of the different categories, so that one particular project cannot just claim the entire carryover. The money should go to the purpose for which it was intended. Ms. Guillory explained that the majority of the \$1.9 million carryover came from unspent capital proceeds. There was some additional money from events and administration. She offered to provide specific details at the January meeting.

Commissioner Richard inquired whether the Tony Nelssen Center could request the use of the carryover again next year. Ms. Guillory explained that they could request more money with the understanding that it would be paid off with bond proceeds, but the actual commitment is supposed to be for just one portion. There are no guarantees that the bond will be issued. Vice Chairman Surguine said there are other funding sources for capital projects, yet tourism seems to be burdened with funding 100% of studies and shortfalls.

Commissioner Hoffman suggested that from now on, the TDC should ensure that all funds are committed before the end of the year, so that no carryover remains. Chairwoman Birchler asked whether there was any way to evaluate where the budget stood before the end of the fiscal year. Ms. Guillory said it was possible, but added that the final determination could not be made until after the revenues are received for the year. Chairwoman Birchler responded that Council knew what the end balance was going to be because that they went after a specific amount.

Commissioner Richard inquired whether the TDC has to maintain a carryover balance for contingency purposes. Chairwoman Birchler said the TDC has always kept some funds for contingency, but the practice is not mandated. Commissioner Richard suggested that the TDC revisit their philosophy on whether or not to save money for a rainy day, considering how it always seems to be pulled at the last minute. Mr. Geiogamah suggested that there be an agenda item to finalize the exact amount of the carryover, before discussing how it could be allocated.

Chairwoman Birchler suggested agendaizing an item to define the meaning of a one-time use of carryover, and to set some parameters. Commissioner Hoffman suggested that the proforma clearly highlight current and future commitments made to this particular capital project, which totals \$2.95 million. At this point, that number does not show up anywhere in the proforma. Ms. Guillory said she made changes recently to the proforma so that it now reflects the full commitment.

Vice Chairman Surguine suggested that the TDC define the carryover and segregate capital carryover from other forms. Ms. Guillory explained that financial policy says that any carryover can be used for a one-year commitment of capital projects, an event development project, or an administrative project. The TDC could recommend that Council modify that financial policy if they want to set financial limits. Vice Chairman Surguine said he was most concerned about special events. It would be great if the carryover for special events was used just for special events. Ms. Guillory cautioned that such a strategy would limit allocation flexibility. The way it reads now, all \$1.9 million could have gone towards events, had it not first gone to the equestrian center. They received it all because they asked first.

Chairwoman Birchler requested an update on the \$60,000 that was earmarked for four community events. Mr. Geiogamah responded that it has been a few years since the Commission revisited community events. Commissioner Richard felt that events that do not meet MEAF criteria for driving tourism should be reclassified as community events. Commissioner Hoffman requested that this item be placed on the January agenda instead. Ms. Guillory noted that community events have been listed on the proforma as a separate line item since 2007.

3. Baseball Festival Proposal

Brent DeRaad presented a one-year agreement to use \$75,000 from the bed tax for the proposed Baseball Festival. The goal is to create an event that would put Scottsdale in a leadership position for Spring Training activities. It presents an opportunity to sell additional tickets during the first ten days of March, which tend to see the softest sales of the preseason. The dates being proposed for the festival are February 25 and 26. It might not be profitable in its first two years, but it can certainly grow over time to become an annual tradition. The Charros have agreed to take on the operational and marketing responsibilities. In the first year, the event will likely rely more on local residents than tourists, but in future years could tap into the visitor market. The festival will give people a central gathering point for those who come for Spring Training. The top four draws of the Cactus League are all within seven miles of Scottsdale.

Mike Phillips stated that the Play Ball Experience exhibit is a non-profit group that has a collection of 2,000 pieces of Spring Training and baseball memorabilia. They do not have room to display their entire collection, so they proposed a partnership with Scottsdale. Additionally, a group of scientists who have built a reputation for sports research want to do an interactive Science of Baseball event that will also be affiliated with the statewide Sci-Tech Fest. The Charros have long been looking for ways to build their foundation and increase their fundraising opportunities. All the Spring Training teams are invited to take part in the festival, and it would serve as a focal point of information for all pre-season activities. The event could also grow into a symbolic kick-off event for baseball nationwide.

Commissioner Hoffman described this proposal as a great example of what the TDC is looking for. It extends an existing event beyond its current scope and builds upon something special. Commissioner Richard approved of the proposal and said he would like to see the TDC really get behind this event by later providing additional funding for marketing. Chairwoman Birchler called for the development of performance measures

that would allow the TDC to determine the return on investment. The Commission should also be provided with a full recap of events within 60 days of conclusion.

COMMISSIONER HOFFMAN MOVED TO APPROVE THE REQUEST TO ALLOCATE \$75,000 IN NEW EVENT DEVELOPMENT FUNDING TO THE BASEBALL FESTIVAL, WITH A VIEW TOWARDS PROVIDING AN ADDITIONAL \$100,000 IN MARKETING SUPPORT IN THE FUTURE. VICE CHAIRMAN SURGUINE SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONERS GLENN AND YOUNG WERE ABSENT.

4. Identification of Future Agenda Items

Chairwoman Birchler noted that the December 20 meeting has been cancelled, and the January meeting date will be changed. She also noted that this would have been Leon Young's last meeting with the Commission, and expressed gratitude for his contributions.

5. Public Comment

There were no public comments.

6. Adjournment

The meeting adjourned at 8:53 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.